



C  
This is ridiculous.

I've spoken to  
Andrew - who is  
as cross as I am.

DLCP

c Mr Bailey / Mr Perets  
Must  
Mr Lyson  
keep doing this?



Press Office, Treasury

No 10 Lobby Briefing Re 7/11

1. Acknowledged that PM would be seen walking and talking today
2. Hoped all outstanding problems will have been reconciled by Thursday's cabinet
3. Cabinet would still discuss PE round - they always did in any case.
4. Steered lobby away from 7-10 pc electricity price rises - "muttered" about nearer inflation levels - i.e. 4-5 pc.

PRIME MINISTER'S DAY

The Prime Minister is working at No 10 for much of the day.

She met the Yugoslav Foreign Minister, Mr Raif Dizdarevic at 9.30 this morning.

This afternoon at 3 pm the Prime Minister will be chairing a meeting of Ministers. [OD: Agenda: United Nations Law of the Sea Convention (UNLOSC). In attendance: Lord President, Foreign Secretary, Chancellor of Exchequer, Defence Secretary, Lord Privy Seal, Mr Lamont (Department of Trade and Industry), Attorney General, Mr Buchanan-Smith (Department of Energy), Mr Dunn (Department of Education and Science, Chief of Naval Staff.)]

PRESS NOTICES

11 am: Visit by Portuguese Prime Minister.

PUBLICATIONS

DES: Science and Engineering Council Annual Report (3.30 pm).

ODA: International Development Association 7th Replenishment of IDA Resources - Report by executive (3.30 pm).

We drew attention to a press notice and speech to be put out by the Home Office, on the Home Secretary's speech to the Association of County councils in York at 11.45 am.

YUGOSLAV FOREIGN MINISTER

The Prime Minister had a 30 minute meeting this morning with Mr Raif Dizdarevic, Yugoslav Foreign Minister, in which they discussed Yugoslav economic problems and East/West relations. Mr Dizdarevic invited the Prime Minister to visit Yugoslavia.

ENVIRONMENT/LOCAL GOVERNMENT DEBATE

We expected that Patrick Jenkin's speech this afternoon would contain reference to privatisation of local government services following the PM's written Answer to Christopher Chope MP (Hansard 30/10/84 Col 888).

UNITED STATES ELECTIONS

The Prime Minister has sent a congratulatory message to President Reagan. We expect to be able to release the text later once we have confirmation of its receipt. We expected the PM would visit the USA next year - but no date has been fixed, or definite plans formed.

ANGLO/IRISH SUMMIT

We did not expect to be able to give any advance information on the Anglo/Irish Summit. We would not be drawn on speculation in Belfast that the Summit venue has been moved.

PUBLIC SPENDING

When asked, we indicated that there would be one or two meetings with Ministers in advance of Cabinet tomorrow. The timing of the Chancellor's Autumn Statement would depend on Cabinet decision; we expected that it could be early next week.

BELGRANO

Asked about the Conqueror's missing control-room log book we said we didn't think it was an important document. Two records were kept on board; the Captain's report covered every aspect of operation and this was still available. The missing log-book did not contain information of strategic or tactical importance. It would normally be sent to the Records Office when completed and a Board of Inquiry was currently investigating its loss. In answer to a question, we said that we did not believe any current naval courts martial were connected with this case.

MINERS

The slow trickle back to work had now turned into a rivulelet which reflected a geological shift in the dispute. This was not surprising after 8 months on strike and the clear indication that there would be no more concessions or further negotiation. The Prime minister made this crystal clear in her speech yesterday when she warned of anti-democratic elements behind the strike.

We confirmed once again that the question of surcharges to pay for the dispute were not under discussion in the current public spending exercise. They would not be discussed until after the strike has been settled. We said that reports of a six to seven per cent price increase were exaggerated.

JC

## Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons Hansard, 4 March 1985,  
columns 679 - 754  
"Public Expenditure"

Signed AWayland Date 9 December 2013

PREM Records Team

ANNEX A : THE SAVINGS YIELDED BY LOANS

The Government's objective is to reduce public expenditure. The Cabinet's will is that public expenditure on home improvement should be reduced. Loans meet both objectives.

The policy paper contains very few figures, and those figures are based on a small sample of householders interviewed for the Distribution of Grant Enquiry, who were asked how long they expected to live in their homes. A sixth said they expected to move within five years; a third expected to do so within 10 years.

On this information, DoE have assumed that 3.33% of those receiving grants in any one year would move in each succeeding year, and that the typical period of residence before sale of the property and repayment of the loan would be 15 years. This seems high, given that house purchasers borrowing on mortgage typically repay their loans after only 7 years. Assuming that the average loan period is 10 years, that present levels of home improvement expenditure are maintained, that inflation runs at 4% a year and that 40% of that expenditure is in the form of loans, savings on equity-sharing and historic-cost loans would be as follows, at constant 1984/5 prices:

YEAR	1	5	10	15	20
Equity loans:	£16m	£78m	£156m	£233m	£311m
Historic-cost:	£15m	£69m	£126m	£173m	£211m

It is important to note that even the zero-interest, historic-cost loans yield significant PSBR savings. Some savings accrue in year 1 because some people sell immediately after improvement.

The tables below show the savings which would be yielded on equity-sharing loans and historic-cost loans if the average period between borrowing and repayment were 7.5, 10, 12.5 and 15 years. Since a mixed system of grants and loans is the best way to help the poorest while recouping some of the cost of helping the better-off, savings figures are given for percentages of applicants receiving loans (rather than grants) ranging from 100% (the Chief Secretary's option) down to 20%. Savings are small in the early years but rise quickly.

#### EQUITY-SHARING LOANS : ANNUAL SAVING (£m)

These figures, at constant 1984/85 prices, assume that house prices rise in line with inflation and that annual grant and loan expenditure on private-sector home improvement remains constant at the 1984/85 level of £778m. The percentage figure at left is the percentage of applicants who receive loans rather than grants.

%	AV. TERM	Yr: 1	5	10	15	20	25	30
20%	7.5 yrs	10	52	104	156	156	156	156
"	10 yrs	8	39	78	117	156	156	156
"	12.5 yrs	6	31	62	93	124	156	156
"	15 yrs	5	26	52	78	104	130	156
30%	7.5 yrs	16	78	156	233	233	233	233
"	10 yrs	12	58	117	175	233	233	233
"	12.5 yrs	9	47	93	140	187	233	233
"	15 yrs	8	39	78	117	156	194	233
40%	7.5 yrs	21	104	207	311	311	311	311
"	10 yrs	16	78	156	233	311	311	311
"	12.5 yrs	12	62	124	187	249	311	311
"	15 yrs	10	52	104	156	207	259	311
50%	7.5 yrs	26	130	259	389	389	389	389
"	10 yrs	19	97	194	292	389	389	389
"	12.5 yrs	16	78	156	233	311	389	389
"	15 yrs	13	65	130	194	259	324	389
60%	7.5 yrs	31	156	311	467	467	467	467
"	10 yrs	23	117	233	350	467	467	467
"	12.5 yrs	19	93	187	280	373	467	467
"	15 yrs	16	78	156	233	311	389	467
100%	7.5 yrs	52	259	519	778	778	778	778
"	10 yrs	39	195	389	584	778	778	778
"	12.5 yrs	31	156	311	467	622	778	778
"	15 yrs	26	130	259	389	519	648	778

HISTORIC-COST LOANS : ANNUAL SAVING (£m)

These figures, at constant 1984/85 prices, assume that annual inflation will be at 4% and that annual grant and loan expenditure on private-sector home improvement remains constant at the 1984/85 level of £778m. The percentage figure at left is the percentage of applicants who receive loans rather than grants.

%	AV. TERM	Yr: 1	5	10	15	20	25	30
20%	7.5 yrs	10	46	84	115	115	115	115
"	10 yrs	7	35	63	87	106	106	106
"	12.5 yrs	6	28	50	69	85	97	97
"	15 yrs	5	23	42	58	70	81	90
30%	7.5 yrs	15	69	126	173	173	173	173
"	10 yrs	11	52	95	130	159	159	159
"	12.5 yrs	9	42	76	104	127	146	146
"	15 yrs	7	35	63	87	106	122	135
40%	7.5 yrs	20	92	168	231	231	231	231
"	10 yrs	15	69	126	173	211	211	211
"	12.5 yrs	12	55	101	138	169	194	194
"	15 yrs	10	46	84	115	141	162	179
50%	7.5 yrs	25	115	210	288	288	288	288
"	10 yrs	19	87	158	216	264	264	264
"	12.5 yrs	15	69	126	173	211	243	243
"	15 yrs	12	58	105	144	176	203	224
60%	7.5 yrs	30	139	252	346	346	346	346
"	10 yrs	22	104	189	260	317	317	317
"	12.5 yrs	18	83	151	208	154	292	292
"	15 yrs	15	69	126	173	211	243	269
100%	7.5 yrs	50	231	421	577	577	577	577
"	10 yrs	37	173	316	433	529	529	529
"	12.5 yrs	30	139	252	346	423	486	486
"	15 yrs	25	115	210	288	352	405	448